
SUBSTITUTE SENATE BILL 5649

State of Washington 61st Legislature 2009 Regular Session

By Senate Environment, Water & Energy (originally sponsored by Senators Rockefeller, Hobbs, Pridemore, Kohl-Welles, Keiser, Fraser, Sheldon, Shin, McAuliffe, Kline, and Oemig)

READ FIRST TIME 02/25/09.

1 AN ACT Relating to achieving greater energy efficiency in
2 buildings; amending RCW 70.164.020, 70.164.040, 70.164.050, and
3 70.164.060; adding a new section to chapter 70.164 RCW; adding a new
4 section to chapter 43.185 RCW; adding a new chapter to Title 70 RCW;
5 creating new sections; and declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** FINDINGS. (1) The legislature finds that
8 improving energy efficiency in structures is one of the most cost-
9 effective means to meet energy requirements, and that while there have
10 been significant efficiency savings achieved in the state over the past
11 quarter century, there remains enormous potential to achieve even
12 greater savings. Increased weatherization and more extensive
13 efficiency improvements in residential, commercial, and public
14 buildings achieves many benefits, including reducing energy bills,
15 avoiding the construction of new electricity generating facilities with
16 associated climate change impacts, and creation of family-wage jobs in
17 performing energy audits and improvements.

18 (2) The legislature recognizes that the Washington State University
19 extension energy program is uniquely qualified to implement programs

1 consistent with the purposes of this act. Washington State University
2 has nationally recognized experts in energy efficiency, renewable
3 energy, energy technology, and program delivery.

4 (3) It is the intent of the legislature that financial and
5 technical assistance programs be expanded to direct municipal, state,
6 and federal funds, as well as electric and natural gas utility funding,
7 toward greater achievement of energy efficiency improvements. To this
8 end, the legislature establishes a policy goal of assisting in
9 weatherizing twenty thousand homes and businesses in the state in each
10 of the next five years. The legislature also intends to attain this
11 goal in part through supporting programs that rely on community
12 organizations and that there be maximum family-wage job creation in
13 fields related to energy efficiency.

14 **PART 1**

15 **Energy Efficiency Improvement Program**

16 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this
17 section apply throughout this chapter unless the context clearly
18 requires otherwise.

19 (1) "Account" means the energy efficiency assistance account
20 created in section 109 of this act.

21 (2) "Board" means the state board for community and technical
22 colleges.

23 (3) "Customers" means residents, businesses, and building owners.

24 (4) "Direct outreach" means:

25 (a) The use of door-to-door contact, community events, and other
26 methods of direct interaction with customers to inform them of energy
27 efficiency and weatherization opportunities; and

28 (b) The performance of energy audits.

29 (5) "Director" means the director of the energy efficiency
30 assistance program created in section 102 of this act.

31 (6) "Energy audit" means an assessment of building energy
32 efficiency opportunities, from measures that require very little
33 investment and without any disruption to building operation, normally
34 involving general building operational measures, to low or relatively
35 higher cost investment, such as installing timers to turn off
36 equipment, replacing light bulbs, installing insulation, replacing

1 equipment and appliances with higher efficiency equipment and
2 appliances, and similar measures. The term includes an assessment of
3 alternatives for generation of heat and power from renewable energy
4 resources, including installation of solar hot water heating and
5 equipment for photovoltaic electricity generation.

6 (7) "Energy efficiency services" means energy audits,
7 weatherization, energy efficiency retrofits, energy management systems
8 as defined in RCW 39.35.030, and other activities to reduce a
9 customer's energy consumption, and includes assistance with paperwork,
10 arranging for financing, program design and development, and other
11 postenergy audit assistance and education to help customers meet their
12 energy savings goals.

13 (8) "Middle income" means household incomes that are between eighty
14 and one hundred percent of the area median income.

15 (9) "President" means the president of Washington State University.

16 (10) "Program" means the energy efficiency assistance program
17 created in section 102 of this act.

18 (11) "Sponsor" means any entity or group of entities that submits
19 a proposal under section 103 of this act, including but not limited to
20 any nongovernmental nonprofit organization, local community action
21 agency, community service agency, public service company, county,
22 municipality, publicly owned electric, or natural gas utility.

23 (12) "Sponsor match" means the share, if any, of the cost of
24 efficiency improvements to be paid by the sponsor.

25 (13) "University" means Washington State University.

26 (14) "Weatherization" means making energy and resource conservation
27 and energy efficiency improvements.

28 NEW SECTION. **Sec. 102.** ENERGY EFFICIENCY ASSISTANCE PROGRAM
29 CREATED. (1) The energy efficiency assistance program is created
30 within the extension energy program of Washington State University.
31 The program must be managed by the director, who is appointed by the
32 president. The director must:

33 (a) Establish a process to award grants on a competitive basis
34 using funds from the account;

35 (i) Grants must be used to:

36 (A) Conduct direct outreach;

37 (B) Deliver energy efficiency services;

1 (C) Create credit enhancements, such as loan loss reserve funds as
2 specified in section 106 of this act; or

3 (D) Conduct direct outreach, deliver energy efficiency services,
4 and create credit enhancements;

5 (ii) Grants must be targeted for the weatherization of residential
6 structures occupied by households that are not eligible for
7 weatherization assistance under chapter 70.164 RCW, with a priority to
8 middle-income households, and to commercial, industrial, and nonprofit
9 entities with the priority to structures whose owners have reported on
10 average less than one million dollars of gross revenue annually in the
11 preceding five years;

12 (iii) Grants must be matched, in amounts determined by the
13 director, by resources provided by the sponsor;

14 (iv) Preference must be given to grant applicants with higher
15 ratios of resources provided by the sponsor to grant awards;

16 (b) Provide technical assistance for direct outreach, energy
17 efficiency services, or financing assistance and services:

18 (i) To grant recipients in carrying out their obligations to
19 conduct direct outreach, deliver energy efficiency services, or
20 financing assistance and services; and

21 (ii) For farm energy assessment activities as specified in section
22 108 of this act;

23 (c) Cooperate and coordinate with the department of community,
24 trade, and economic development and those entities providing energy
25 audit and energy efficiency services and training to maximize the
26 assistance provided in the program, avoid duplication of existing
27 programs, and encourage:

28 (i) The use of service delivery models by grant recipients that
29 have proven effective in existing programs; and

30 (ii) The development of geographic information about direct
31 outreach to be shared between grant recipients and low-income
32 weatherization providers to minimize duplication in targeting
33 customers;

34 (d)(i) Distribute a minimum of sixty percent of program funding as
35 grants, at least seventy-five percent of which must be prioritized for
36 programs that provide both direct outreach and delivery of energy
37 efficiency services;

1 (ii) Distribute a minimum of twenty percent of program funding as
2 training resource moneys as specified in section 401 of this act, up to
3 five hundred thousand dollars per year;

4 (iii) Distribute a minimum of ten percent of program funding for
5 technical assistance; and

6 (iv) Distribute a maximum of five percent of program funding for
7 credit enhancements, using criteria as developed in subsection (4) of
8 this section; and

9 (e) Retain a maximum of five percent of program funds for program
10 administration and the administrative overhead of the university.

11 (2) The director shall adopt guidelines addressing best practices
12 for direct outreach and energy efficiency services and avoiding
13 duplication of such services.

14 (3) The program must offer assistance to sponsors to develop and
15 design effective energy efficiency services programs.

16 (4) The director, in consultation with the department of financial
17 institutions, shall develop criteria regarding the extent which funds
18 will be provided for the purposes of credit enhancements under
19 subsection (1)(d)(iv) of this section and set forth principles for
20 accountability for financial institutions.

21 (5)(a) If a sponsor match is required by the director, a sponsor
22 may elect to: (i) Pay a sponsor match as a lump sum at the time of
23 weatherization; or (ii) make yearly payments to the account over a
24 period not to exceed ten years. If a sponsor elects to make yearly
25 payments, the value of the payments may not be less than the value of
26 the lump sum payment that would have been made under (a)(i) of this
27 subsection.

28 (b) A sponsor may use its own moneys, including corporate or
29 ratepayer moneys, or moneys provided by landlords, charitable groups,
30 government programs, the Bonneville power administration, or other
31 sources to pay the sponsor match.

32 (c) The director may permit a sponsor to meet its match requirement
33 in whole or in part through providing labor, materials, or other in-
34 kind expenditures.

35 NEW SECTION. **Sec. 103.** GRANTS AUTHORIZED. The director shall
36 solicit grant applications from sponsors. The director may provide

1 grants that fully or partially fund a sponsor's proposal. The director
2 shall require the following in the grant application:

3 (1) Information regarding:

4 (a) The amount and sources of funding for the sponsor match. A
5 sponsor may use its own moneys, including corporate or ratepayer
6 moneys, or moneys provided by landlords, charitable groups, government
7 programs, the Bonneville power administration, or other sources to pay
8 the sponsor match. The director may permit a sponsor to meet its match
9 requirement in whole or in part through providing labor, materials, or
10 other in-kind expenditures;

11 (b) The amount requested from the account;

12 (c) The entities participating as sponsors and any entities that
13 will provide administrative support, direct outreach, energy efficiency
14 services, or financing assistance and services; and

15 (d) Any other information required by the director;

16 (2) A demonstration of effective fiscal accountability measures;

17 (3) Performance measures by which to assess the monetary and energy
18 savings of proposed efficiency projects following project completion;

19 (4) A work plan detailing the means and methods by which the
20 sponsor will carry out the required direct outreach or energy
21 efficiency services;

22 (5) Convincing evidence that a sponsor providing energy efficiency
23 services will be capable of helping customers achieve a savings-to-
24 investment ratio of at least one over a payback period of twenty years,
25 subject to the useful life of the improvements;

26 (6) Convincing evidence of a sponsor's capacity to create or
27 maintain living-wage jobs located within the geographic area reached by
28 the sponsor's proposal; and

29 (7) Convincing evidence that the sponsor will be able to
30 efficiently and expeditiously provide direct outreach or energy
31 efficiency services, including details on the sponsor's proposed hiring
32 practices, means of oversight of employees or contractors, and the use
33 of quality control measures.

34 (a) No proposal may require any contribution as a condition of
35 weatherization from a household whose residence is weatherized under
36 the proposal.

37 (b) The director shall allocate funds appropriated from the account
38 among proposals accepted or accepted in part so as to achieve the

1 greatest possible expected monetary and energy savings by energy
2 consumers and shall, to the extent feasible, ensure a balance of
3 participation for (i) geographic regions in the state; (ii) types of
4 fuel used for heating; (iii) owner-occupied and rental residences; and
5 (iv) single-family and multifamily dwellings. The director may
6 allocate funds to a nonutility sponsor without requiring a sponsor
7 match if the director determines that such an allocation is necessary
8 to provide the greatest benefits to middle-income residents of the
9 state.

10 NEW SECTION. **Sec. 104.** EXPEDITED GRANTS IN 2009. (1) The
11 legislature finds that conducting energy audits and performing
12 efficiency improvements in residences and commercial structures creates
13 family-wage jobs and will stimulate local economies where this work is
14 conducted. Therefore, the legislature directs that where
15 appropriations are made to the account specifically for the purpose of
16 expedited grants, the director shall accord priority to making such
17 grants over all other duties in the program. The director shall award
18 grants within the time frame set by the federal government under the
19 programs providing the funding for these activities. The director
20 shall develop and utilize expedited grant procedures to ensure both
21 compliance with federal program requirements and the legislature's goal
22 of providing prompt stimulation to local economies.

23 (2) By November 1, 2009, the director shall report to the
24 appropriate fiscal and policy committees in the senate and house of
25 representatives on the status of grant awards under this section. The
26 report may be combined with that made by the department of community,
27 trade, and economic development under section 206 of this act.

28 NEW SECTION. **Sec. 105.** PILOT GRANTS FOR COMMUNITY-WIDE URBAN
29 RESIDENTIAL AND COMMERCIAL EFFICIENCY UPGRADES. (1) The legislature
30 finds that comprehensive energy efficiency retrofits in the residential
31 and smaller commercial markets are significantly underutilized due in
32 part to the complex set of decisions that property owners are faced
33 with in securing an energy audit and then arranging the financing and
34 contractor to perform the retrofit work. While these retrofits have
35 previously been viewed as primarily benefiting the property owner with
36 energy cost savings, the additional benefits of the avoided costs of

1 new energy generation and the environmental and climate benefits of
2 reduced carbon emissions call for new ways of reaching residential and
3 business building owners to deliver energy efficiency services.
4 Therefore, the purpose of this section is to encourage programs that
5 will combine utility, government, and private investments in
6 residential and commercial building energy efficiency upgrades, with a
7 community-based outreach component to overcome the hurdles that
8 property owners face in considering these upgrades.

9 (2)(a) The director shall award not less than three grants for
10 programs that:

11 (i) Provide assistance for energy audits and energy efficiency
12 related improvements to structures owned by or used for residential,
13 commercial, or nonprofit purposes in specified urban neighborhoods
14 where the objective is to achieve a high rate of participation among
15 building owners within the pilot area;

16 (ii) Utilize volunteer support to reach out to potential customers
17 through the use of community-based institutions;

18 (iii) Employ qualified energy auditors to perform the energy audits
19 using recognized retrofit measures that are cost-effective;

20 (iv) Select and provide oversight of contractors to perform
21 retrofit work. The contractors must agree to participate in quality
22 control and efficiency training, pay prevailing wages, meet minimum
23 apprentice utilization standards, and hire from the community in which
24 the program is located; and

25 (v) Work with customers to secure financing for their portion of
26 the project and apply for and administer utility, public, and
27 charitable funding provided for energy audits and retrofits.

28 (b) Priority must be given to grant applicants that can secure a
29 sponsor match of at least one dollar for each dollar awarded.

30 NEW SECTION. **Sec. 106.** PROMOTING THE INVOLVEMENT OF FINANCIAL
31 INSTITUTIONS IN FINANCING ENERGY EFFICIENCY PROJECTS. (1) The
32 legislature finds that the creation and use of risk reduction
33 mechanisms will promote greater involvement of local financial
34 institutions and other financing mechanisms in funding energy
35 efficiency improvements and will achieve greater leverage of state and
36 federal dollars. Risk reduction mechanisms will allow financial
37 institutions to lend to a broader pool of applicants on more attractive

1 terms, such as potentially lower rates and longer loan terms. Placing
2 a portion of funds in long-term risk reduction mechanisms will support
3 a sustained level of energy efficiency investment by financial
4 institutions while providing funding to projects quickly.

5 (2) It is the intent of the legislature to leverage new federal
6 funding aimed at promoting energy efficiency projects, improving energy
7 efficiency, and increasing family wage jobs. To this end, the
8 legislature intends to invest a portion of all federal funding, subject
9 to federal requirements, for energy efficiency projects in financial
10 mechanisms that will provide for maximum leverage of financing.

11 (3) Local municipalities receiving federal stimulus moneys through
12 the federal energy efficiency and conservation block grant program are
13 authorized to use those funds, subject to federal requirements, to
14 establish loan loss reserves or toward risk reduction mechanisms, such
15 as loan loss reserves, to leverage financing for energy efficiency
16 projects.

17 (4) Interest rate subsidies, financing transaction cost subsidies,
18 capital grants to energy users, and other forms of grants and
19 incentives that support financing energy efficiency projects are
20 authorized uses of federal energy efficiency funding.

21 NEW SECTION. **Sec. 107.** PROMOTING THE INVOLVEMENT OF STATE-
22 CHARTERED BOND AUTHORITIES IN FINANCING ENERGY EFFICIENCY PROJECTS.

23 (1) The legislature finds that the state bond authorities have
24 capacities that can be applied to financing energy efficiency projects
25 for their respective eligible borrowers: Washington economic
26 development finance authority for industry; Washington state housing
27 finance commission for single-family and multifamily housing, and
28 nonprofit facilities; Washington higher education facilities authority
29 for private, nonprofit higher education; and Washington health care
30 facilities authority for hospitals and all types of health clinics.

31 (2)(a) Subject to federal requirements, the state bond authorities
32 may accept and administer an allocation of the state's share of the
33 federal energy efficiency funding for designing energy efficiency
34 finance loan products and for developing and operating energy
35 efficiency finance programs. The state bond authorities shall
36 coordinate with the program on the design of the bond authorities'
37 program.

1 (b) The director of the program shall make allocations of the
2 federal funding to the state bond authorities and shall direct and
3 administer funding for outreach, marketing, and delivery of energy
4 services to support the programs by the state bond authorities.

5 (c) The legislature authorizes a portion of the federal energy
6 efficiency funds to be used by the state bond authorities for credit
7 enhancements and reserves for such programs.

8 (3) The Washington state housing finance commission may:

9 (a) Issue revenue bonds as the term "bond" is defined in RCW
10 43.180.020 for the purpose of financing loans for energy efficiency and
11 renewable energy improvement projects in accordance with RCW
12 43.180.150;

13 (b) Establish eligibility criteria for financing that will enable
14 it to choose applicants who are likely to repay loans made or acquired
15 by the commission and funded from the proceeds of federal funds or
16 commission bonds; and

17 (c) Participate fully in federal and other governmental programs
18 and take such actions as are necessary and consistent with chapter
19 43.180 RCW to secure to itself and the people of the state the benefits
20 of programs to promote energy efficiency and renewable energy
21 technologies.

22 NEW SECTION. **Sec. 108.** FARM ENERGY ASSESSMENTS. (1) The
23 legislature finds that increasing energy costs put farm viability and
24 competitiveness at risk and that energy efficiency improvements on the
25 farm are the most cost-effective way to manage these costs. The
26 legislature further finds that current on-farm energy efficiency
27 programs often miss opportunities to evaluate and conserve all types of
28 energy, including fuels and fertilizers.

29 (2) The director, in consultation with the department of
30 agriculture, shall form an interdisciplinary team of agricultural and
31 energy extension agencies to develop and offer new methods to help
32 agricultural producers assess their opportunities to increase energy
33 efficiency in all aspects of their operations. The interdisciplinary
34 team must develop and deploy:

35 (a) Online energy self-assessment software tools to allow
36 agricultural producers to assess whole-farm energy use and to identify
37 the most cost-effective efficiency opportunities;

1 (b) Energy auditor training curricula specific to the agricultural
2 sector and designed for use by agricultural producers, conservation
3 districts, agricultural extensions, and commodity groups;

4 (c) An effective infrastructure of trained energy auditors
5 available to assist agricultural producers with on-farm energy audits
6 and identify cost-share assistance for efficiency improvements; and

7 (d) Measurement systems for cost savings, energy savings, and
8 carbon emission reduction benefits resulting from efficiency
9 improvements identified by the interdisciplinary team.

10 (3) The director shall seek to obtain additional resources for this
11 section from federal and state agricultural assistance programs and
12 from other sources.

13 NEW SECTION. **Sec. 109.** ACCOUNT CREATED. The energy efficiency
14 assistance account is created in the state treasury. Except for
15 appropriations and federal funds that must be used for low-income
16 weatherization assistance pursuant to chapter 70.164 RCW, all
17 appropriations and all federal funds received pursuant to H.R. 1, P.L.
18 111-5 for the purpose of assisting with energy efficiency assessments
19 or audits and improvements must be deposited in the account. Other
20 funds, gifts, grants, and endowments from public or private sources, in
21 trust or otherwise, may be directed into the account. Any moneys
22 received from sponsor match payments must be deposited in the account.
23 Moneys in the account may be spent only after appropriation.
24 Expenditures from the account may be used only for the purposes of this
25 chapter.

26 NEW SECTION. **Sec. 110.** CONTRIBUTIONS TO THE ACCOUNT. Payments to
27 the account must be treated, for purposes of state law, as payments for
28 energy conservation and are eligible for any tax credits or deductions,
29 equity returns, or other benefits for which conservation investments
30 are eligible.

31 **PART 2**

32 **Low-Income Weatherization Programs**

33 **Sec. 201.** RCW 70.164.020 and 1995 c 399 s 199 are each amended to
34 read as follows:

1 (~~Unless the context clearly requires otherwise,~~) The definitions
2 in this section apply throughout this chapter unless the context
3 clearly requires otherwise.

4 (1) "Department" means the department of community, trade, and
5 economic development.

6 (2) "Energy (~~assessment~~) audit" means an analysis of a dwelling
7 unit to determine the need for cost-effective energy conservation
8 measures as determined by the department.

9 (3) "Household" means an individual or group of individuals living
10 in a dwelling unit as defined by the department.

11 (4) "Low income" means household income (~~that is at or below one~~
12 ~~hundred twenty five percent of the federally established poverty~~
13 ~~level~~) as defined by the department, provided that the definition does
14 not exceed eighty percent of median household income, adjusted for
15 household size for the county where the dwelling unit to be weatherized
16 is located.

17 (5) "Nonutility sponsor" means any sponsor other than a public
18 service company, municipality, public utility district, mutual or
19 cooperative, furnishing gas or electricity used to heat low-income
20 residences.

21 (6) "Residence" means a dwelling unit as defined by the department.

22 (7) "Sponsor" means any entity that submits a proposal under RCW
23 70.164.040, including but not limited to any local community action
24 agency, tribal nation, community service agency, or any other
25 participating agency or any public service company, municipality,
26 public utility district, mutual or cooperative, or any combination of
27 such entities that jointly submits a proposal.

28 (8) "Sponsor match" means the share(~~, if any,~~) of the cost of
29 weatherization to be paid by the sponsor.

30 (9) "Sustainable residential weatherization" or "weatherization"
31 means (~~materials or measures, and their installation, that are used to~~
32 improve the thermal efficiency of a residence) using moneys
33 administered by the department to preserve a dwelling unit occupied by
34 a low-income household for activities and materials that result in
35 energy and resource conservation and energy efficiency improvements;
36 repair, indoor air quality, and health and safety investments; and
37 client education. To the extent feasible, moneys must be used to
38 support and advance sustainable technologies.

1 (10) "Weatherizing agency" means any approved department grantee,
2 tribal nation, or any public service company, municipality, public
3 utility district, mutual or cooperative, or other entity that bears the
4 responsibility for ensuring the performance of weatherization of
5 residences under this chapter and has been approved by the department.

6 **Sec. 202.** RCW 70.164.040 and 1987 c 36 s 4 are each amended to
7 read as follows:

8 (1) The department shall solicit proposals for low-income
9 weatherization programs from potential sponsors. A proposal shall
10 state the amount of the sponsor match, the amount requested (~~from the~~
11 ~~low-income weatherization assistance account~~), the name of the
12 weatherizing agency, and any other information required by the
13 department.

14 (2)(a) A sponsor may use its own moneys, including corporate or
15 ratepayer moneys, or moneys provided by landlords, charitable groups,
16 government programs, the Bonneville power administration, or other
17 sources to pay the sponsor match.

18 (b) Moneys provided by a sponsor pursuant to requirements in this
19 section shall be in addition to and shall not supplant any funding for
20 low-income weatherization that would otherwise have been provided by
21 the sponsor or any other entity enumerated in (a) of this subsection.

22 (c) No proposal may require any contribution as a condition of
23 weatherization from any household whose residence is weatherized under
24 the proposal.

25 (d) Proposals shall provide that full levels of all cost-effective,
26 structurally feasible, sustainable residential weatherization
27 materials, measures, and practices, as determined by the department,
28 shall be installed when a low-income residence is weatherized.

29 (3)(a) The department may in its discretion accept, accept in part,
30 or reject proposals submitted. The department shall allocate funds
31 appropriated from the low-income weatherization assistance account
32 among proposals accepted or accepted in part so as to:

33 (i) Achieve the greatest possible expected monetary and energy
34 savings by low-income households and other energy consumers ((and))
35 over the longest period of time;

36 (ii) Identify and correct, to the extent practical, health and
37 safety problems for residents of low-income households; and

1 (iii) Leverage, to the extent feasible, environmentally friendly
2 sustainable technologies, practices, and designs.

3 (b) The department shall, to the extent feasible, ensure a balance
4 of participation in proportion to population among low-income
5 households for: ~~((a))~~ (i) Geographic regions in the state; ~~((b))~~
6 (ii) types of fuel used for heating, except that the department shall
7 encourage the use of energy efficient sustainable technologies; ~~((c))~~
8 (iii) owner-occupied and rental residences; and ~~((d))~~ (iv) single-
9 family and multifamily dwellings.

10 (c) The department shall give priority to weatherize dwelling units
11 occupied by low-income households with incomes at or below one hundred
12 twenty-five percent of the federally established poverty level.

13 (d) The department may allocate funds to a nonutility sponsor
14 without requiring a sponsor match if the department determines that
15 such an allocation is necessary to provide the greatest benefits to
16 low-income residents of the state.

17 (4)(a) A sponsor may elect to: (i) Pay a sponsor match as a lump
18 sum at the time of weatherization, or (ii) make yearly payments to the
19 low-income weatherization assistance account over a period not to
20 exceed ten years. If a sponsor elects to make yearly payments, the
21 value of the payments shall not be less than the value of the lump sum
22 payment that would have been made under (a)(i) of this subsection.

23 (b) The department may permit a sponsor to meet its match
24 requirement in whole or in part through providing labor, materials, or
25 other in-kind expenditures.

26 (5) The department shall adopt rules to carry out this section.

27 **Sec. 203.** RCW 70.164.050 and 1987 c 36 s 5 are each amended to
28 read as follows:

29 (1) The department is responsible for ensuring that sponsors and
30 weatherizing agencies comply with the state laws, the department's
31 rules, and the sponsor's proposal in carrying out proposals.

32 (2) Before a residence is weatherized, the department shall require
33 that an energy ~~((assessment))~~ audit be conducted.

34 (3) To the extent possible, the department shall maximize available
35 federal funding for weatherization projects.

1 **Sec. 204.** RCW 70.164.060 and 1987 c 36 s 6 are each amended to
2 read as follows:

3 Before a leased or rented residence is weatherized, written
4 permission shall be obtained from the owner of the residence for the
5 weatherization. The department shall adopt rules to ensure that: (1)
6 The benefits of weatherization assistance (~~(in connection with a leased~~
7 ~~or rented residence)~~), including utility bill reduction and
8 preservation of affordable housing stock, accrue primarily to low-
9 income tenants occupying a leased or rented residence; (2) as a result
10 of weatherization provided under this chapter, the rent on the
11 residence is not increased and the tenant is not evicted; and (3) as a
12 result of weatherization provided under this chapter, no undue or
13 excessive enhancement occurs in the value of the residence. This
14 section is in the public interest and any violation by a landlord of
15 the rules adopted under this section shall be an act in trade or
16 commerce violating chapter 19.86 RCW, the consumer protection act.

17 NEW SECTION. **Sec. 205.** A new section is added to chapter 70.164
18 RCW to read as follows:

19 The department shall coordinate with the Washington State
20 University energy efficiency assistance program created in section 102
21 of this act in order to maximize the extension of weatherization
22 assistance across low-income and middle-income households. To the
23 extent allowable under federal requirements, the department shall
24 maximize the amount of funding directed to weatherization services of
25 low-income housing. The department may solicit proposals for low and
26 middle-income weatherization projects, if providing funding
27 specifically for additional projects. The department shall determine
28 a priority ranking system for determining the order of preference for
29 projects for low and middle-income households. In determining the
30 ranking, the department must give first priority to low-income
31 households that are at or below eighty percent of the state area median
32 income.

33 NEW SECTION. **Sec. 206.** EXPEDITED LOW-INCOME HOUSEHOLD ENERGY
34 AUDIT PROGRAM GRANTS IN 2009. (1) The legislature finds that
35 conducting energy audits and performing efficiency improvements in low-
36 income households creates family-wage jobs and will stimulate local

1 economies where this work is conducted. Therefore, the legislature
2 directs that where appropriations are made to the low-income
3 weatherization assistance program as part of a federal economic
4 stimulus, the department of community, trade, and economic development
5 shall award grants as quickly as practical for maximum community
6 economic benefit within the parameters stipulated with the funding.

7 (2) By November 1, 2009, the department of community, trade, and
8 economic development shall report to the appropriate fiscal and policy
9 committees in the senate and house of representatives on the status of
10 grant awards under this section. The report may be combined with that
11 made by the director of the energy efficiency assistance program under
12 section 104 of this act.

13 PART 3

14 Consolidation of Weatherization Programs

15 NEW SECTION. **Sec. 301.** It is the intent of the legislature that
16 all state administered building weatherization programs are conducted
17 to provide the greatest efficiency in terms of administrative
18 processes, economies of scale, institutional memory, and institutional
19 competence. The legislature also intends by this act to expand state
20 administered building weatherization programs to provide services not
21 only to low-income residents in the state, but also to middle-income
22 residences, farms, commercial buildings, public buildings, public
23 agencies, and other institutions.

24 NEW SECTION. **Sec. 302.** (1) The department of community, trade,
25 and economic development and the Washington State University energy
26 extension program shall review:

27 (a) Weatherization, weatherization services, and energy efficiency
28 programs administered by the state;

29 (b) Weatherization and energy efficiency programs funded by private
30 entities, utilities, the federal government, and other entities; and

31 (c) Administrative and overhead costs incurred by weatherization
32 and energy efficiency programs.

33 (2) By July 1, 2010, the department of community, trade, and
34 economic development and the Washington State University energy
35 extension program shall provide to the governor and the appropriate

1 committees of the legislature a report with findings from the review
2 required in subsection (1) of this section and recommendations for one
3 unified and coordinated program administered with the energy efficiency
4 assistance program created in section 102 of this act at the Washington
5 State University energy extension program. The recommendations must
6 include:

7 (a) Necessary statutory changes to ensure the least programmatic
8 disruption and an expeditious and efficient transition;

9 (b) A timeline for the transition that includes methods to phase
10 and synchronize the transition of administrative processes, records,
11 files, and staff into one program administering the state's
12 weatherization services in accordance with the goals and intent of this
13 chapter;

14 (c) Best practices and opportunities to consolidate and create
15 efficiencies and economies of scale;

16 (d) Necessary legislative action to facilitate implementation
17 mechanisms required to maximize the state's receipt of funding for
18 weatherization and energy efficiency purposes; and

19 (e) Methods to minimizing costs through consolidation.

20 **PART 4**

21 **Training Programs for Energy Efficiency Jobs**

22 NEW SECTION. **Sec. 401.** WORKFORCE TRAINING FOR THE PERFORMANCE OF
23 ENERGY AUDITS AND RETROFITS. (1) The legislature finds that it is in
24 the interest of building owners, building residents, and the state that
25 energy audits and energy efficiency services be performed in a manner
26 that is both consistent with current best practices and that provides
27 increased occupational skills, education, and training to workers in
28 the state. The director, in collaboration with the board, the
29 workforce training and education coordinating board, the employment
30 security department, the Washington state building and construction
31 trades council, the Washington state apprenticeship and training
32 council, and the office of the superintendent of public instruction,
33 shall identify the necessary skills and qualifications required to
34 perform the energy audits and energy efficiency services authorized
35 under this act.

1 (2) The board shall work with the Washington state apprenticeship
2 and training council and the office of the superintendent of public
3 instruction, to jointly develop, by June 30, 2009, curricula and
4 training programs, to include on-the-job training, classroom training,
5 and safety and health training, for the development of the skills and
6 qualifications identified by the director under subsection (1) of this
7 section.

8 (3) Training resource moneys may be provided from the account for
9 the following purposes:

10 (a) To develop and deploy curricula and training programs in
11 accordance with subsection (2) of this section;

12 (b) For the expansion of existing high school, community and
13 technical college, journey level skills improvement and apprenticeship
14 training programs, and community-based training programs providing
15 energy audit and energy efficiency services training;

16 (c) For the implementation of new training programs developed under
17 the terms of this chapter;

18 (d) To supplement internship and apprenticeship programs using
19 curricula developed under subsection (2) of this section; and

20 (e) For other training activities identified by the director to
21 supplement and expand the skills of the existing workforce.

22 (4) The director shall direct the delivery of education and
23 training resource moneys as necessary to meet demands for jobs, giving
24 priority in distribution of training resource moneys to those
25 educational programs that can provide convincing evidence that they are
26 able to provide the requisite skills education and training
27 expeditiously.

28 (5) The board shall target a portion of any federal stimulus
29 funding received to ensure commensurate capacity for high employer
30 demand training programs developed under this section. To that end,
31 the board must coordinate with the director in the application for and
32 receipt of such funding that may be made available through the federal
33 youthbuild program, workforce investment act, job corps, or other
34 relevant federal programs. For the purposes of this section, "high
35 demand" means an apprenticeship program, training program, or an
36 undergraduate or graduate certificate or degree in which the number of
37 students prepared for employment per year from in-state institutions is

1 substantially less than the number of projected job openings per year
2 in that field, statewide or in a substate region.

3 (6) The Washington apprenticeship and training council shall
4 evaluate the potential of existing apprenticeship and training programs
5 that would produce workers with the skills needed to conduct energy
6 audits and provide energy efficiency services.

7 (7) The director shall direct funding to programs that provide
8 skills education and training services to underserved and disadvantaged
9 communities in the state, in accordance with RCW 43.330.310. This may
10 include, but is not limited to, at-risk youth seeking employment
11 pathways out of poverty and into economic self-sufficiency. The
12 director shall also create a strategy to ensure that the workers who
13 receive training under these programs are provided with the type of
14 employment opportunities contemplated by this chapter.

15 (8) The board shall provide an interim report to the appropriate
16 committees of the legislature by December 1, 2011, and a final report
17 by December 1, 2013, detailing the effectiveness of, and any
18 recommendations for improving, the worker training curricula and
19 programs established in this section.

20 NEW SECTION. **Sec. 402.** DESIGNATION OF WORKFORCE TRAINING PROGRAMS
21 FOR THE PERFORMANCE OF ENERGY AUDITS AND RETROFITS. Curricula and
22 training programs currently existing or developed under section 401 of
23 this act and that are provided by community and technical colleges in
24 the state are recognized as programs of study under chapter 28B.50 RCW.

25 NEW SECTION. **Sec. 403.** UNEMPLOYED WORKERS. Community and
26 technical colleges that enroll unemployed workers into the relevant
27 curricula and training programs indicated in this act shall receive
28 funding as indicated in RCW 50.24.014.

29 NEW SECTION. **Sec. 404.** DESIGNATION OF WORKFORCE TRAINING PROGRAMS
30 FOR THE PERFORMANCE OF ENERGY AUDITS AND RETROFITS. (1) Curricula and
31 training programs developed under section 401 of this act and already
32 existing programs that meet the requirements of section 401 of this act
33 must be recognized as programs of study under RCW 28B.50.273.

34 (2) Subject to available funding, the board may grant enrollment

1 priority to persons who enroll in curricula and training programs
2 developed in accordance with section 401 of this act and who also
3 qualify for waiver under RCW 28B.15.522.

4 **PART 5**

5 **Energy Efficiency in Publicly Funded Housing and State Agency Buildings**

6 NEW SECTION. **Sec. 501.** A new section is added to chapter 43.185
7 RCW to read as follows:

8 ENERGY AUDITS AND RETROFITS IN PUBLICLY FUNDED HOUSING. (1) The
9 legislature finds that growing preservation and rehabilitation needs in
10 the housing trust fund property portfolio provide opportunities to
11 advance energy efficiency and weatherization efforts for low-income
12 individuals in Washington state while protecting the state's six
13 hundred million dollars in affordable housing investments.
14 Preservation of existing affordable housing, when done in conjunction
15 with weatherization activities, is a cost-effective, prudent, and
16 environmentally friendly strategy to ensure that low-income housing
17 remains durable, safe, and affordable.

18 (2) The department shall review all housing properties in the
19 housing trust fund real estate portfolio and identify those in need of
20 major renovation or rehabilitation. In its review, the department
21 shall survey property owners for information including, but not limited
22 to, the age of the building and the type of heating, cooling, plumbing,
23 and electrical systems contained in the property. The department shall
24 prioritize all renovation or rehabilitation projects identified in the
25 review by the department's ability to:

26 (a) Achieve the greatest possible expected monetary and energy
27 savings by low-income households and other energy consumers over the
28 greatest period of time;

29 (b) Promote the greatest possible health and safety improvements
30 for residents of low-income households; and

31 (c) Leverage, to the extent feasible, technologically advanced and
32 environmentally friendly sustainable technologies, practices, and
33 designs.

34 (3) Subject to the availability of amounts appropriated for this
35 specific purpose, the department shall use the prioritization of
36 potential energy efficiency needs and opportunities in subsection (2)

1 of this section to make offers of energy audit services to project
2 owners and operators. The department shall use all practicable means
3 to achieve the completion of energy audits in at least twenty-five
4 percent of the properties in its portfolio that exceed twenty-five
5 years in age, by June 30, 2011. Where the energy audits identify cost-
6 effective weatherization and other energy efficiency measures, the
7 department shall accord a priority within appropriated funding levels
8 to include funding for energy efficiency improvements when the
9 department allocates funding for renovation or rehabilitation of the
10 property.

11 **PART 6**
12 **Miscellaneous**

13 NEW SECTION. **Sec. 601.** Sections 101 through 110 and 401 through
14 404 of this act constitute a new chapter in Title 70 RCW.

15 NEW SECTION. **Sec. 602.** Captions and part headings used in this
16 act are not any part of the law.

17 NEW SECTION. **Sec. 603.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

21 NEW SECTION. **Sec. 604.** This act is necessary for the immediate
22 preservation of the public peace, health, or safety, or support of the
23 state government and its existing public institutions, and takes effect
24 immediately.

--- END ---